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Report Highlights:

Inflation inches up to 10.72 percent, *SAARC Nations to set up food bank for emergencies*, *Export ban on non-basmati rice to stay*, *Government sets aside two million tons of wheat to meet export request*, *India unaffected but fully prepared to tackle dreaded wheat rust-AG Minister*, *Regulatory body for warehouses in four months: Minister*, *Minimum support price of cotton increased by record 39%-45% during the cotton season of 2008-09*.

Includes PSD Changes: No
Includes Trade Matrix: No
Trade Report
New Delhi [IN1]
[IN]

Welcome to Hot Bites from India, a weekly summary of issues of interest to the U. S. agricultural community. The report includes information that has been garnered during travel within India, reported in the local media, or offered by host country officials and agricultural analysts. Press articles are included and summarized in this report. Significant issues will be expanded upon in subsequent reports from this office. Minor grammatical changes have been made for clarification.

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INFLATION INCHES UP TO 10.72 PERCENT

After declining for five weeks in a row, the rate of inflation inched up to 10.72 percent for the week ended October 25 from 10.68 percent the previous week, mainly on account of higher prices of certain essentials such as vegetables, pulses and cereals (wheat and rice) coupled with some manufactured items. (Source: The Hindu, 11/07/08)

SAARC NATIONS TO SET UP FOOD BANK FOR EMERGENCIES

India has pledged to contribute 153,200 tons of foodgrains to set up a food bank with an initial capacity of about 243,000 tons to meet the emergency food demands of the South Asian Association for Regional Cooperation (SAARC) countries. Pakistan and Bangladesh have agreed to contribute 40,000 tons each, while Nepal and Sri Lanka will provide 4,000 tons each followed by Afghanistan (1,420 tons), Maldives (200 tons) and Bhutan (180 tons). The Food Bank, proposed at the Colombo Summit of the SAARC meet in August, was ratified at an Extraordinary Meeting of Agriculture Ministers of the region in New Delhi on October 31. "We have formalized the process for operationalisation of the Food bank," Indian Agriculture Minister and Chairman of the New Delhi meeting, Sharad Pawar told journalists. The SAARC nations ruled out forming a rice cartel to have more bargaining power in the world trade. The Minister said that the financial meltdown was expected to further fuel new problems for South Asian countries for which SAARC nations need to be prepared themselves jointly. (Source: The Hindu, 11/06/08)

EXPORT BAN ON NON-BASMATI RICE TO STAY

An Empowered Group of Ministers (EGoM) on food has decided to continue the ban on non-basmati rice exports, while deferring a decision to impose import duties on edible oils. "The ban on non-basmati rice exports will continue," said Commerce Minister Kamal Nath, who is a member of the EGoM. Asked about the imposition of import duties on edible oils, he said "no decision was taken." However, sources said the decision on edible oils was deferred as there was no unanimity among the Ministers. (Source: Business Line, 11/06/08)

GOVERNMENT SETS ASIDE TWO MILLION TONS WHEAT TO MEET EXPORT REQUEST

The government has decided to set aside around two million tons of wheat for export, to meet requests made by some countries through diplomatic channels. The External Affairs Ministry will decide on quantities to be supplied to countries that have requested India for wheat, Agriculture Minister Pawar said. Requests will be considered on humanitarian grounds. The government had imposed a blanket ban on all wheat exports in 2007, following a drop in procurement by government agencies. (Source: Financial Express, 11/06/08)

INDIA UNAFFECTED BUT FULLY PREPARED TO TACKLE DREADED WHEAT RUST- AG MINISTER

There is no threat to India from the dreaded wheat stem rust Ug99. Moreover, if in the future the disease happens to spread to India, the country's agricultural research system is fully geared up to tackle it. This assurance came from the Agriculture Minister, Sharad Pawar, as he inaugurated the International Conference on Wheat Stem Rust Ug99: A Threat to Food Security, in New Delhi on November 6. The Conference is being attended by about 150 scientists and representatives from international organizations and watchdog bodies in this area. Mr. Pawar informed the Conference that Indian scientists have screened 442 wheat materials against the disease and many Indian varieties have been found with resistance to Ug99. In the current year, out of the 318 Indian wheat materials tested so far, 78 have been found resistant to the disease. The seeds of resistant varieties already released are being multiplied. The Minister also informed that the SAARC countries have started regional cooperation to conduct joint research, survey, training, technology improvement, and spread and adoption of new technology to ward off the threat perceived from Ug99. (Source: Press Information Bureau Press Release, 11/06/08 <http://www.pib.nic.in/release/release.asp?relid=44618>)

REGULATORY BODY FOR WAREHOUSES IN FOUR MONTHS: MINISTER

The Warehousing Development & Regulatory Authority (WDRA) will be in place in the next three to four months. Giving this information, the Union Minister of State for Consumer Affairs, Food, and Public Distribution said the process of appointing a Chairman and two members for the authority was in progress. Mr. Naveen Prakash, Joint Secretary, Ministry of Consumer Affairs, Food and Public Distribution said it was not mandatory for each warehouse, be it in the private or public sector, to get itself registered with the WDRA, but only those registered would be able to issue negotiable warehouse receipts which would be bankable for securing loans. The government would allow 100 percent foreign direct investment in warehousing through the automatic route, he said. (Source: Business Line, 11/06/08)

MINIMUM SUPPORT PRICE OF COTTON INCREASED BY RECORD 39% -45% DURING THE COTTON SEASON OF 2008-09

The Government is operating the Minimum Support Price (MSP) Scheme through the Cotton Corporation of India Ltd. (CCI) to ensure a minimum return to the farmer. To stabilize long term cotton production in the country and to help farmers, while balancing the interests of textiles industry, the MSP for the cotton season of 2008-09 has been substantially raised. The MSP for medium staple cotton of length group 24.5 mm to 25.5 mm has been raised by 39% to Rs. 2,500 per quintal, compared Rs. 1,750 to 1,800 per quintal in 2007-08. The MSP for long staple variety of length group 29.5 mm to 30.5 mm has been raised to Rs. 3,000 per quintal in the cotton season of 2008-09 from Rs. 2,250 per quintal in the cotton season of 2007-08. (Source: Press Information Bureau Press Release, 10/26/08 <http://pib.nic.in/release/release.asp?relid=44246&kwd=>)

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REPORT #	SUBJECT	DATE SUBMITTED
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IN8132	FAIRS: GOI Publishes Guidelines Regulating Aquatic Quarantine for the Import of Litopenaeus vannamei (White Leg Shrimp)	11/03/08
IN8133	Grain and Feed: Update - November	11/04/08
IN8134	FAIRS: GOI Defers the Implementation of New Import Requirements for Raw Hides and Skins	11/05/08

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